



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

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Third District

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MICHAEL D. ANTONOVICH
Fifth District

July 8, 2011

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to be "WTF", followed by a stylized flourish.

SALARY SAVINGS REPORT

This memorandum responds to Supervisor Antonovich's request at the meeting of May 17, 2011, to report back to the Board with an explanation of salary savings, specifically whether the difference between approximately 100,000 authorized positions and approximately 90,000 filled positions generates savings that can be used to supplement the County budget.

The approximate 10,000 difference between authorized and filled positions does create savings. However, those savings are accounted for at the time the budget is developed. Departments' salary budgets are developed by first calculating the cost of each authorized position as if it were filled (versus vacant), filled at the authorized level (versus a lower level), and funded at top step (versus a lower step). Then, an amount is subtracted for vacancies, timing delays in filling positions, positions filled at lower than the authorized level, and positions filled at lower than top step. That amount deducted from the initial calculation is called "salary savings." Departments meet their salary savings targets, and operate during the year within their approved salary budgets, by holding positions vacant. Countywide, this accounts for approximately 6,500 of the 10,000 unfilled positions.

The remaining approximate 3,500 vacancies are from heavily subvented (revenue offset) departments that are not required to hold vacancies, but nonetheless experience them from hard-to-recruit positions such as nurses. Because these positions are revenue funded, the vacancies generate negligible net County cost savings.

"To Enrich Lives Through Effective And Caring Service"

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Although salary saving requirements are included in a department's budget at the beginning of the year, most departments generate additional savings at year end. These savings may also be referred to as "salary savings," and contribute to the County's closing fund balance.

If you have any questions or need additional information, please let me know or you may contact Sid Kikkawa at (213) 974-6872.

WTF: BC:SK:LR:yjf

c: Executive Office, Board of Supervisors

Salary.Savings.Board.Report.bm